Plaintiff's Exhibit 603

5173 OREGON-AMERICAN LUMBER CORPORATION

MANUFACTURERS OF

HIGH GRADE-KILN DRIED LUMBER

FROM OUR OWN STAND OF

OLD GROWTH YELLOW FIR

VERNONIA, OREGON

December 17, 1941

Industrial Hospital Association
Medical Arts Building
Portland, Oregon

Gentlemen:

We hand you herewith five letters received in today's mail stating that after February 1, 1942, hospital tickets would not be accepted.

Yours truly,

OREGON AMERICAN LUMBER CORPORATION

By (Signed) F. M. RUHL

FMR:FMJ
Enclosure

Plaintiff's Exhibit 604

5174 OREGON-AMERICAN LUMBER CORPORATION

MANUFACTURERS OF

HIGH GRADE-KILN DRIED LUMBER

FROM OUR OWN STAND OF

OLD GROWTH YELLOW FIR

VERNONIA, OREGON

December 23, 1941

Industrial Hospital Association
Medical Arts Building
Portland, Oregon

Gentlemen:

There seems to be at least one Doctor in Forest Grove and Hillsboro who does not adhere to the Medical Associa-

tion's edict that they service no contracts except the Multnomah Hospital Association.

I hand you herewith Dr. Fred S. Richards' letter, which states that he will continue to service your contract and accept hospital tickets issued by us.

Yours truly,

OREGON AMERICAN LUMBER CORPORATION

By (Signed) F. M. RUHL

FMR:FMJ
Enclosure

Plaintiff's Exhibit 605

5175

DR. FRED S. RICHARDS
OSTEOPATHIC PHYSICIAN AND SURGEON
FOREST GROVE, OREGON

GROUND FLOOR HOLROYD BUILDING
TELEPHONES:
OFFICE 122—RESIDENCE 122R

December 22, 1941

Oregon American Lumber Corp.
Vernonia, Oregon.

Dear Sirs:

A few days ago you received numerous letters from the physicians of the Washington County Medical organization advising you that after February 1, 1942 they would not accept your Industrial tickets for treatment of your men.

I was ask to participate in this plan but refused. I have enjoyed a small amount of practice from your men at the mill and have always tried to give them good service and adequate treatment. It is my belief that no group of doctors have the right to "strike" and tell the employer or the employee where they may go for their services. That is the individuals choice.

I shall continue to honor the Industrial Association tickets and appreciate the privelege of serving you and your men.

Yours very truly,

(Signed) FRED S. RICHARDS
Fred S. Richards D. O.

Plaintiff's Exhibit 606

5176

DR. FRED S. RICHARDS
OSTEOPATHIC PHYSICIAN AND SURGEON
FOREST GROVE, OREGON

GROUND FLOOR HOLROYD BUILDING
TELEPHONES:
OFFICE 122—RESIDENCE 122R

December 17, 1941

Industrial Hospital Association
Mr. Will Kirk
Medical Arts Building
Portland, Oregon

Dear Mr. Kirk:

As the year 1941 draws to a close, may I express to you and your Association my appreciation for the amount of work I have been privileged to do for you. I hope this work has been satisfactory as I try to care for the Association cases as if they were my own private cases.

Enclosed is a carbon copy of a letter I have written to the members of the Washington County Medical Association. At their meeting of December 15, they decided to put into effect their plan of accepting no more National or Industrial tickets after February 1st. Their delegation asked again yesterday that I cooperate with them and I advised them my opinion was the same as of December 13th. I may find that I am wrong, but I believe I am right.

May I extend to you and your Association my best wishes for a fine Christmas and prosperous New Year.

Yours very truly,

(Signed) FRED S. RICHARDS
Fred S. Richards D. O.

FSR:uh

Plaintiff's Exhibit 607

5177 Dec. 13, 1941

Washington County Medical Society
F. J. Kabeiseman M. D, Secretary
Hillsboro, Oregon

Dear Doctor:—

I wish to express my appreciation to your Association for your consideration in including me in your plans of a doctor controlled unit of socialized medicine. I know I have been signally honored as the only doctor to so participate in this plan outside the regular members of your own Association.

But after due thought and consideration I am unable to wholly agree on your plan and mode of attack, namely not accepting National, Industrial or any other association tickets for treatment after February 1, 1942.

It is my opinion that with world conditions as they are today, labor and management now agreeing to put their forces to work for one common end, we have no right as physicians to be a local disturbing element. It seems to me that we should some how be above the "Lewis" technique of forcing our services on an employer or employee.

I know I have no vote in your Association and perhaps these sentiments are expressed too strongly, but I do not believe I stand alone in expressing them and hope your vote Monday night will be taken with caution and deliberation on the subject.

Yours very truly,

Fred S. Richards D. O.

FSR:uh

Plaintiff's Exhibit 609

5178

A. O. PITMAN, M. D.
F. J. KABEISEMAN, M. D.
150 N. THIRD AVENUE
HILLSBORO, OREGON

Dec. 15, 1941

Oregon American Lumber Co.
Vernonia, Oregon

Gentlemen:

I am notifying all employers in this community that after Feb. 1, 1942 I will not accept tickets from hospital associations that are not approved by the Oregon State Medical Society of which I am a member.

At this time all employers have the privilege to join the Multnomah Medical Service Bureau which is approved by The Oregon State Medical Society.

Yours very truly,

(Signed) F. J. KABEISEMAN, M. D.
Dr. F. J. Kabeiseman
150 N. 3rd Ave.
Hillsboro, Oregon

Plaintiff's Exhibit 610

5179

ROSWELL S. WALTZ, M. D.
Forest Grove, Oregon

December 15, 1941

Oregon American Lumber Company
Vernonia, Oregon

Gentlemen:

More than one year ago action was taken by the Oregon State Medical Society condemning those Physicians who service contracts issued by any Hospital Association other than those recommended by the Society.

In conformity with this policy, after February 1st, 1942, I will service only tickets issued by the Washington County

Division of the Multnomah Hospital Association, or other Physician owned Hospital Associations.

Yours truly,

(Signed) ROSWELL S. WALTZ
Roswell S. Waltz, M. D.

RSW:MC

Plaintiff's Exhibit 611

5180

DR. J. O. ROBB
Physician and Surgeon
Hillsboro, Oregon

12-6-41

Oregon American Lumber Co.
Vernonia, Oregon

Dear Sir:

Something over a year ago the Oregon State Medical Society went on record as looking with disfavor on contract practice. In fact, they went so far as to threaten expulsion from the state society, a step we all would hate to see taken. Until we had something else to offer we hesitated about taking steps to conform with the state society ruling. However, now we feel that we have such facilities for taking care of this contract work and we feel that we must conform with the state society ruling.

Therefore, this will serve as our notice that on and after February 1st, 1942 we will not service any treatment orders from any hospital association that is not recognized by the State Medical Society.

Very truly yours,

(Signed) J. O. ROBB
J. O. Robb

Plaintiff's Exhibit 612

5181

A. O. PITMAN, M. D.
F. J. KABEISEMAN, M. D.
150 N. THIRD AVENUE
HILLSBORO, OREGON

Dec. 9, 1941

Oregon American Lumber Co.
Vernonia, Oregon

Gentlemen:

Due to unfair and unethical practices of certain commercial hospital associations, I am notifying the employers in this community that after Feb. 1, 1942 I will not accept tickets from hospital associations that have not been approved by The Oregon State Medical Society.

At this time and in this community the Multnomah Medical Service Bureau is the only approved Association and I strongly recommend it for your consideration.

Yours very truly,

(Signed) DR. A. O. PITMAN
Dr. A. O. Pitman
150 N. 3rd Ave.
Hillsboro, Oregon

Plaintiff's Exhibit 613

5182

December 11, 1941

Oregon American Lumber Co.
Vernonia, Oregon

Gentlemen:

After February 1, 1942, I will accept authorizations for treatment only from hospital associations which are approved by the Oregon State Medical Society.

Very truly yours,

(Signed) D. E. WILEY M. D.
D. E. Wiley, M. D.
Hillsboro, Ore.

Plaintiff's Exhibit 614

5183

R. M. KINES, M. D.
PHYSICIAN AND SURGEON
FOREST GROVE, OREGON

December 16th, 1941

Oregon American Lumber Co.,
Vernonia, Oregon.

Dear Sirs:

The Oregon State Medical Society has never been in favor of servicing Hospital Association contracts which are not controlled by doctors. In accordance with their views, I will be unable to service any medical contract other than Multnomah Medical Service Bureau after February 1st, 1942.

Very truly yours,

(Signed) R. M. KINES M. D.

Plaintiff's Exhibit 615

5184

January 30, 1942

Dr. William E. Hinds
Hillsboro, Oregon

Dear Dr. Hinds:

I have carefully read the copy of your letter to Mr. J. V. Heisler and think you have stated the situation very splendidly and I believe the letter will be quite helpful, both to us and to you.

Very truly yours,

INDUSTRIAL HOSPITAL ASS'N.

Will T. Kirk, General Manager

WTK:nm

Plaintiff's Exhibit 616

January 28, 1942

Mr. J. V. Heisler
Gales Creek, Oregon

Dear Sir:

There is a movement on foot by certain Doctors to boycott the Industrial Hospital Association. This group of Doctors plan to substitute and force upon employers and employees a coverage through the Multnomah Medical Service Bureau. The writer does not approve of the methods of this movement.

May I take this opportunity to inform you that I have always received fair treatment from the Industrial Hospital Association and personally know that they have been foremost in looking after the interests of the men and women who pay dues to this Association?

I will continue to accept the Industrial Hospital Association's tickets as in the past and will continue to give the best services possible, whatever they should be—osteopathic, medical or surgical.

Dr. Richard E. Walstrom, a very well trained young man, has recently become associated with me in my office here in Hillsboro. Dr. Walstrom joins me in support of the Industrial Hospital Association.

Very truly yours,

William E. Hinds, D. O.

WEH:RB

Plaintiff's Exhibit 617

5188 RAY-MALING CO., INC.
Processors of Fruits, Berries and Vegetables
GENERAL OFFICES — HILLSBORO, OREGON

December 17, 1941

Industrial Hospital Association
Medical Arts Building
Portland, Oregon

Attention Mr. Earl T. Kirk

Dear Mr. Kirk:

This morning we are in receipt of a number of letters from physicians in Hillsboro and vicinity advising us that after February 1, 1942 they will not accept tickets from Hospital Associations that are not approved by the Oregon State Medical Society and, according to our understanding, your Association is not approved by the Oregon State Medical Society.

Since we have a continuing contract with you, which automatically covers our company for another year, we would appreciate an opportunity of discussing the matter fully and suggest that you call on the writer at Hillsboro at your very early convenience.

Yours very truly,

RAY-MALING CO., INC.

(Signed) R.
Arthur L. Reilling

ALR:EH

Plaintiff's Exhibit 618

5187 G. S. BEARDSLEY, M. D., F. A. C. S.
PHYSICIAN AND SURGEON
CHARLES E. HUNT, M. D., F. A. C. S.
PHYSICIAN AND SURGEON

WOMEN'S AND CHILDREN'S CLINIC
OBSTETRICS, DISEASES OF WOMEN AND CHILDREN
SUITE 331-332 B, MINER BUILDING
OFFICE PHONE 648
EUGENE, OREGON

November 12, 1937

Industrial Hospital Association
Medical Arts Building
Portland, Oregon

Gentlemen:

This is to inform you that on and after January 1, 1938, I will be unable to care for any patients covered by contract of your hospital association.

Sincerely yours,

(Signed) G. S. BEARDSLEY, M. D.
Grant S. Beardsley, M. D.

GSB:S

Plaintiff's Exhibit 619

5188 Drs. Peery & Phetteplace
PHYSICIANS AND SURGEONS
643 MINER BUILDING
EUGENE, OREGON

November 12, 1937

Industrial Hospital Association,
Medical Arts Building,
Portland, Oregon.

Gentlemen:

For your information, on and after January 1st., 1938, we will be unable to render medical services to any

patients covered by the Industrial Hospital Association contracts.

Very truly yours,

(Signed) H. M. PEERY M. D.

(Signed) CARL H. PHETTEPLACE M. D.
Drs. Peery & Phetteplace.

CHP/LB

Plaintiff's Exhibit 620

5189 CHARLES D. DONAHUE, M. D.

Physician and Surgeon

Suite 631-2-3, Miner Building,
EUGENE, OREGON

UROLOGY

November 18, 1937

Industrial Hospital Association
Medical Arts Building
Portland, Oregon

Gentlemen:

For your information, on and after January 1st, 1938, I will be unable to render medical services to any patients covered by the Industrial Hospital association contracts.

Very truly yours,

(Signed) CHARLES D. DONAHUE
Charles D. Donahue, M. D.

cdd:eb

Plaintiff's Exhibit 621

5190

CARL W. ROBBINS, M. D.
410-15 TIFFANY BUILDING
EUGENE, OREGON

November 23rd
1937

Industrial Hospital Association
Medical Arts Bldg.,
Portland, Oregon.

Gentlemen:

After January 1st 1938, I will be unable to treat patients under contract to your association.

Very truly yours

(Signed) CARL W. ROBBINS

CWR/nm

Plaintiff's Exhibit 622

5191

M. G. HOWARD, M. D., F. A. C. S.
SURGERY
TIFFANY BUILDING
EUGENE, OREGON

November 23, 1937

Industrial Hospital Association,
Medical Arts Bldg.,
Portland,
Oregon.

Gentlemen:

This is to advise you that I will be unable to render medical or surgical service to patients who are under contract to your Association, for such service, on or after January 1st, 1938.

Yours very truly,

(Signed) M. G. HOWARD

MGH:E

Plaintiff's Exhibit 623

5192

W. H. CHAPMAN, M. D.
PHYSICIAN AND SURGEON
MINER BLDG.
EUGENE, OREGON

December 1, 1937

Industrial Hospital Association,
Medical Arts Bldg;
Portland, Oregon.

Gentleman:

After Jan. 1, 1938, I will be unable to extend medical services to those coming under your contract.

Yours truly,

(Signed) W. H. CHAPMAN
W. H. Chapman, M. D.

whc:s

Plaintiff's Exhibit 624

5193

A. O. WALLER, M. D.
EUGENE, OREGON

December 1, 1937

Industrial Hospital Association,
Medical Arts Bldg;
Portland, Oregon.

Gentleman:

After Jan. 1, 1938 I will be unable to extend medical services to those coming under your contract.

Yours truly,

(Signed) A. O. WALLER
A. O. Waller, M.D.

aow:s

Plaintiff's Exhibit 625

5194

X-RAY DIAGNOSIS
X-RAY THERAPY
RADIUM THERAPY

638 MINER BUILDING
PHONE 835

A. F. BARNETT, M.D.
RADIOLOGIST
EUGENE, OREGON

Dec. 3, 1937

Industrial Hospital Assoc.
Medical Arts. Bldg.
Portland, Oregon

Dear Sirs:

I desire to advise you that on and after January 1, 1938 I will not render X-Ray services to patients under contract for the Industrial Hospital Association.

Yours truly,

(Signed) A. F. BARNETT, M.D.

afb:p

Plaintiff's Exhibit 626

5195 DR. R. C. FAUST
PHYSICIAN & SURGEON
725-730 MINER BLDG.
EUGENE, OREGON

December 3, 1937

Industrial Hospital Association.
Portland, Oregon.

Dear Sir;

On and after January 1st, I will be unable to do any work for your organization.

Yours truly,

(Signed) R. C. FAUST, M.D.

RCF WW

Plaintiff's Exhibit 627

5196

A. H. ROSS, M. D.
INTERNAL MEDICINE
MINER BUILDING
EUGENE, OREGON

December 3, 1937

Industrial Hospital Association
Medical Arts Building
Portland, Oregon

Dear Sirs:

This is to notify you that beginning on and after January 1, 1938, I will not perform any medical services for the Industrial Hospital Association.

Yours truly,

(Signed) A. H. Ross
A. H. Ross, M. D.

AHR/T

Plaintiff's Exhibit 628

5197

TELEPHONE 2388
RESIDENCE 1159

E. D. FURRER, M. D.
PHYSICIAN
PATHOLOGY AND LABORATORY DIAGNOSIS
719 MINER BLDG.
EUGENE, OREGON

December 1, 1937

Industrial Hospital Association
Medical Arts Building
Portland, Oregon

Gentlemen:

This is to inform you that on and after January 1, 1938 I will be unable to do further work for individuals under cover of contract by your association.

Very truly yours,

(Signed) E. D. FURRER
E. D. Furrer, M. D.

EDF:ilg

Plaintiff's Exhibit 629

5198

DR. LESLIE S. KENT
843-44-45 MINER BUILDING
EUGENE, OREGON

PHYSICIAN AND SURGEON

December 2, 1937

Industrial Hospital Association
Industrial Arts Building
Portland, Oregon

Gentlemen:

After the first of January, 1938, I will be unable to care for any patients insured under your hospital association contract.

Yours very truly,

(Signed) LESLIE S. KENT
Leslie S. Kent, M.D.

LSK/ht

Plaintiff's Exhibit 630

5199

GEORGE I. HURLEY, M. D., F. A. C. S.
804 MINER BUILDING
EUGENE, OREGON

Dec. 6 1937

Industrial Hospital Association
Medical Arts Building
Portland Oregon

Dear Sir:

I shall not be able to take Industrial Hospital Association contract cases on or after January 1 1938.

Very truly yours

(Signed) GEORGE I. HURLEY
George I. Hurley M.D.

GIH:AA

Plaintiff's Exhibit 631

5200 THE FIRST NATIONAL BANK
OF EUGENE
EUGENE, OREGON

December 27, 1937

Industrial Hospital Association,
Medical Arts Building,
Portland, Oregon.

Attention: J. C. Kirk, President

Gentlemen:

We are very sorry to advise you that at the end of this current month it will be necessary for us to terminate our medical contract with your Association.

The local doctors, as you perhaps know, at a meeting of the Lane County Medical Association, agreed to refuse to accept tickets given as fees for services.

We wish to assure you that as far as your end of it is concerned it has been exceedingly satisfactory.

With best wishes for the New Year, we are

Very truly yours,

(Signed) LOY W. ROWLING
Loy W. Rowling
Asst. Cashier

LWR:rm

Plaintiff's Exhibit 632

5201 SHELL OIL COMPANY

Eugene, Oregon
December 29, 1937

Industrial Hospital Association
Medical Arts Building
10th & Taylor St
Portland, Oregon

Gentlemen:

This will advise you of our desire to cancel our contract with you dated March 1, 1937 effective as of January 1, 1938.

Very truly yours,

(Signed) H. M. POLLOCK

P.S.

Remittance for our December dues will be forthcoming within the next day or so.

Plaintiff's Exhibit 633

5202 (WESTERN UNION TELEGRAM)

1938 JAN 4 PM 3 07

Received at 1214 S.W. Morrison St., Portland, Ore.

PRL8316=EUGENE ORG 4 246P

WILL KIRK=

INDUSTRIAL HOSPITAL ASSN MEDICAL ARTS BLDG=

HOSPITAL SLIPS REFUSED BY DOCTORS REBATE JANUARY DUES IF CONTRACT NOT TO BE FULFILLED WITHOUT DELAY=

WILLIAMS STORES INC.

Plaintiff's Exhibit 636

5203 BENTON COUNTY LUMBER CO.

West Coast Forest Products

TELEPHONE ATWATER 2311

312 FENTON BUILDING

PORTLAND 4, OREGON

April 19, 1949

Industrial Hospital Association
Medical Arts Building
Portland 5, Oregon

Gentlemen:

I am attaching hereto two statements from the Bodine-Cantril Clinic covering tonsilectomy performed on my daughter, Dolores Jean Wolfenberger.

The credit manager of the Clinic has requested that this amount be paid to me rather than direct to them as their agreement with the Oregon Physician's Service prohibits their accepting payment direct.

If there is any question on the above, please contact Mr. Rassmussen, Credit Manager, of the Bodine-Cantril Clinic.

Thank you.

Yours very truly,

(Signed) G. BELLE WOLFENBERGER
G. Belle Wolfenberger

bw

Plaintiff's Exhibit 637

5204 (Emblem)

J. B. IMLAY & SONS, INC.
HAY, FEED AND GRAIN
POULTRY SUPPLIES AND STORAGE
CUSTOM CLEANING AND MILLING
SCHOLLS PHONE, BEAVERTON EXCHANGE
REEDVILLE, OREGON

December 18, 1941

Industrial Hospital Association
707 Medical Arts Bldg.
Portland, Oregon

Gentlemen:

By mail yesterday we received several letters from doctors serving us under the Industrial Hospital Association set up. They state that after February 1, 1942, they will serve only these organizations who are recognized by the Oregon State Medical Society.

It seems at this time and in this community the Multnomah Medical Service Bureau is the only approved Association.

We would appreciate hearing from you in the near future.

Very truly yours,

J. B. IMLAY & SONS

(Signed) C. GRAGG
C. Gragg

Plaintiff's Exhibit 638

5205 Contract notes
1943

Feb 15, 1943

Powers Lumber Co
Powers, Ore.

Cancell Dec 31st 1942

(Signed) AL WALSH

2-15-43

Eugene Shingle Co.

This contract off Nov. 1, 1942, however no deductions made to date due to Doctor situation. Employer will inform us when this contract is to be effective.

(Signed) AL WALSH

Feb. 15, 1943

Cummings Transfer

Cancell Jan 31, 1943

(Signed) AL WALSH

Plaintiff's Exhibit 639

5206 V. K. V. LUMBER CO.
FIR RE-MANUFACTURERS
McMINNVILLE, OREGON

March 9, 1943

Industrial Hospital Association
Medical Arts Building
Portland, Oregon

Gentlemen:

With reference to our hospital contract which expires on April 16th, wish to advise that on the expiration date wish to cancel your coverage with our plant.

We wish to state that your service has been excellent, but we find the Doctors prefer a Company of their own organization, and in order to get the best service from

them it is imperative that we make this change. Please, therefore, cancel our contract as of April 16, 1943.

Very truly yours,

V. K. V. LUMBER CO.

By (Signed) F. A. VOLLSTEDT
F. A. Vollstedt

FAV:D

Plaintiff's Exhibit 640

5207 August 12, 1943

Lichty Piling Company
U. S. National Bank Bldg.
Eugene, Oregon

Gentlemen:

We are very sorry to have received your letter of August 11th informing us of your desire to cancel our contract as of August 31st.

Our Mr. Alfred Walsh intends to be in your locality the latter part of next week and he will call on you at that time and discuss the situation regarding the doctors in Eugene.

We sincerely hope that there can be some satisfactory adjustment made.

Very truly yours,

INDUSTRIAL HOSPITAL ASS'N.

Joe E. Milligan

JEM:nm

5208 Box 568 PHONE 4060

LICHTY PILING COMPANY
POLES • PILING • FOREST PRODUCTS
RAIL AND CARGO SHIPMENTS
U. S. NATIONAL BANK BUILDING
EUGENE, OREGON

August 11, 1943

Industrial Hospital Assoc.
707 Medical Arts Bldg.
Portland, Oregon

Gentlemen:

Our men are very dissatisfied with the coverage which they are getting under our contract with you as there are so few doctors in Eugene who will accept your hospital tickets; for this reason please cancel our contract as of August 31, 1943.

Yours very truly,
Lichty Piling Company
By (Signed) KENNETH E. PROCTER

KEP:dm

Plaintiff's Exhibit 641

5209 January 9, 1944

Mr. C. A. Manschreck
Ray Rockard
Reedsport, Oregon

Dear Mr. Manschreck:

Our field representative, Mr. Alfred Walsh, has discussed with us the difficulties you are having with the doctors who refuse to accept our Association treatment tickets and has suggested that we send you some forms for your use in an effort to get the doctors to extend credit to your employees when they need medical services.

We enclose a number of typewritten forms which we think might be beneficial along this line and we suggest that you try them out. Along with this form you should issue to each employee going to the doctor, one of our regular hospital tickets and be sure that the ticket is com-

pletely filled out, particularly with reference to the date the employee first came under coverage and the date to which hospital dues have been paid. We will then guarantee to protect you in regard to any doctor bills incurred for services coming under our coverage. As soon as you receive an itemized statement from a physician for services rendered to one of your employees, if you will forward it to us immediately we will promptly check the same and send you a remittance to cover the bill. You can then turn the money over to the employee for payment of the bill, or send the money directly to the doctor to make certain that he is promptly paid.

If the doctors still refuse to accept the introduction plan and ticket, Mr. Walsh will again call to see you with the expectation of having enough time to take this matter up with your individual employees and explain to them the situation and make such arrangements as can be made to enable your employees to obtain medical services.

While the doctors, since they instituted their boycott against hospital associations, have refused to take hospital tickets, they have given credit to the employees of other companies with which we have medical contracts, so it has not been too inconvenient for the employees. The 5210 employees have obtained itemized statements from the doctors, forwarded them to us and we have promptly sent the money to the employee with which to pay the bill; and we are hoping that as the doctors become more familiar with your company and its operations, they will follow the same procedure.

Anyway, let us know what developments may occur and Mr. Walsh will keep in touch with you with the expectation that we will be able to adjust this in some satisfactory manner.

Very truly yours,

INDUSTRIAL HOSPITAL ASS'N.

Will T. Kirk, General Manager

WTK:NM
Encl.

DATE .....

To Dr. ..... :

This will introduce ....., employee of Ray Rockard Logging Company, who is in need of medical services. You may extend credit to him and if

you will forward your itemized bill with diagnosis to us, we will assure you of its payment for all services coming under the coverage of the "hospital ticket" of the Industrial Hospital Association, which is attached hereto.

Void after last day of current month.

RAY ROCKARD LOGGING COMPANY.

By .....

Plaintiff's Exhibit 642

5211 WILL T. KIRK, GENERAL MANAGER.
Phone Day or Night: BEacon 3193

INDUSTRIAL HOSPITAL ASSOCIATION
INCORPORATED
MEDICAL ARTS BUILDING
TENTH AND TAYLOR STREET
Portland 5, Oregon

January 12, 1944

Mr. J. A. Moore
St. Helens Pulp & Paper Company
St. Helens, Oregon

Dear Mr. Moore:

We acknowledge receipt of your letter and the bill of Drs. MacDonald and Barton for services to Lee Todd. However, as this bill is quite large and we have no information in our office in regard to it, we would appreciate it if you would have Mr. Todd ask the doctors for an itemization and report as to the nature of the condition treated.

Upon receipt of this information we shall be pleased to take some action in regard to this bill.

Very truly yours

INDUSTRIAL HOSPITAL ASS'N

(Signed) H. BITTNER
Service Manager

HB:jf

P.S. Will you kindly ask Elza Weed to do the same thing in regard to Drs. MacDonald & Barton's bill in the sum of $32.00

STATEMENT

R. G. MacDonald, M. D.
John C. Barton, M. D.

DRS. MacDONALD AND BARTON
PHYSICIANS AND SURGEONS
161 St. Helens Street
St. Helens, Oregon

Terms Cash, 30 Days

Dec. 2, 1943

Lee Todd

	CHARGES	CREDITS	BALANCE
To Professional Services Rendered			42.25
RECEIVED PAYMENT			

STATEMENT

R. G. MacDonald, M. D. Phone 99
John C. Barton, M. D.

DRS. MacDONALD AND BARTON
PHYSICIANS AND SURGEONS
161 St. Helens Street
St. Helens, Oregon

Terms Cash, 30 Days

Jan. 14, 1944

Eliza Weed

	CHARGES	CREDITS	BALANCE
To Professional Services Rendered			
11 office calls and treatment			32.00
RECEIVED PAYMENT			

Plaintiff's Exhibit 643

5212 January 21, 1944

Dr. J. H. Garnjobst
Salem
Oregon

Dear Doctor:

Enclosed please find a dividend check for 12% of amount paid to you during 1943 for services to Industrial Hospital Association patients.

Very truly yours,

INDUSTRIAL HOSPITAL ASS'N.
Will T. Kirk, General Manager

WTK:HB

5213 J. H. GARNJOBST, M. D.
PHYSICIAN AND SURGEON RADIUM AND X-RAY THERAPY
SUITE 514 PIONEERS TRUST BUILDING
SALEM, OREGON

March 9, 1944

Industrial Hospital Association
Medical Arts Building
Portland 5, Oregon

Dear Sirs:

I am returning your check in the amount of $12.90 which you stated is a dividend for services rendered in 1943.

Under the existing contract I am affiliated with, the local hospital association, I cannot accept this.

Yours very truly,
(Signed) J. H. GARNJOBST
J. H. Garnjobst, M. D.

HM:bp

Plaintiff's Exhibit 644

5214 June 19, 1944

George L. Jantzer Lumber Co.
Trail, Oregon

Attention: Mr. E. W. Pease

Gentlemen:

Our Mr. Al Walsh, the field representative who called on you last week, has informed us of the fact that you are considering changing hospital and medical coverage. We wish to assure you that after you have considered all sides of the question, if you believe that your company and your employees will be better served by another company than our Association, you will have our best wishes in any decision you make.

We appreciate the fact that the effort on the part of medical bureaus to have the doctors boycott our hospital tickets, causes inconvenience to our members and we certainly have appreciated the loyalty with which the companies and employees have helped us to combat this attempt on the part of the medical bureaus to monopolize this field of service.

In one or two localities in the State, the medical bureaus were almost successful in driving out competition, which left them in position to dominate the hospital and medical contract service and run it in the interests of the doctors. Almost without exception where this has occurred, in the course of a comparatively short time the companies and employees who were thus left to the dictates of the medical societies, became so dissatisfied with the services they were receiving, that they invited the hospital associations to come back with their contracts. When you understand that the whole theory of the medical bureau set up is that medical contracts should be run in the interests of the doctors, while our viewpoint is that this service should be run in the interests of the employers and employees who are paying the dues, you will see why employers and employees have found it worth while to stick by the hospital associations in spite of the inconvenience of boycotts.

5215 This principle shows up when an employee wishes to be transferred from one doctor to another doctor, or when it is advisable to bring an employee to Portland for consultation by a specialist, or when an employee feels that he would be benefited by chiropractic or osteopathic

treatments. No difficulty is experienced in obtaining these transfers or these services under our Association; but, when the contracts are being operated by the doctors themselves, experience has shown that an entirely different situation exists. It is not so easy to change doctors or get the services of specialists, and just try to get the medical doctors to authorize treatments by a chiropractor!

With very few exceptions, in the areas where these medical bureaus have attempted these boycotts and have attempted to take advantage of war time conditions when there is a scarcity of doctors to put pressure on employers to change their contracts, the employers and employees have felt that it was in their interests to resist such attempts and to maintain open competition by staying with their original hospital association contracts.

These medical bureaus have just as much right to organize and go after this business as we have, but they should do it on an open competitive basis. If they have something better to offer, employers and employees will naturally want to buy it. They should not attempt to force employers to take their contracts by attempting to boycott and refuse services to members of other associations.

We hope that you can see your way clear to stay with us and help us to defeat these boycotts and while doing this, we assure you that we will do all we can to give you a satisfactory service.

Very truly yours,

INDUSTRIAL HOSPITAL ASS'N.

Will T. Kirk, General Manager

WTK:nm

Plaintiff's Exhibit 645

5216 August 24, 1944

Mr. Everett E. Robinson
Redland Glad Gardens
Route 2, Box 632
Grants Pass, Oregon

Dear Mr. Robinson:

We acknowledge receipt of your letter of August 22nd advising that you wish to discontinue your hospital and medical agreement at its expiration date.

We are cancelling the contract as per your request. If at any time in the future we can serve you, we shall be happy to have you let us know.

Very truly yours,

INDUSTRIAL HOSPITAL ASS'N.

Will T. Kirk, General Manager

WTK:nm

5217 PHONES 12-F-2 12-F-3 WIRE WESTERN UNION

REDLAND GLAD GARDENS
EVERETT E. ROBINSON, Grower and Owner
GLADIOLI BULBS OUR SPECIALTY
ROUTE 2, BOX 632
GRANTS PASS, OREGON

August 22, 1944

Industrial Hospital Association,
707 Medical Arts Bldg.,
Portland, Oregon.

Gentlemen:

It is our desire to cancel our Hospital and Medical Agreement at the expiration of our present contract.

Our employees no longer wish to carry the coverage under the present conditions and have asked cancellation of the contract, requesting that no more deductions be made from their wages for this coverage.

Thanking you, we are,

Yours very truly,

REDLAND GLAD GARDENS

by (Signed) EVERETT E. ROBINSON
Everett E. Robinson

EER:VH

5218 March 20, 1944

Redland Glad Gardens
Grants Pass, Oregon

Gentlemen:

It is true that some of the doctors in Grants Pass have been induced by medical bureau organizations to attempt

a boycott of hospital associations and these doctors are not accepting our treatment certificates, but no employee under our coverage has lost anything thereby, as we have reimbursed and are reimbursing all employees for expenses incurred for medical services under the coverage of our contracts.

If any of your employees have received services for which a doctor would not accept our ticket, he should obtain from the doctor an itemized statement with diagnosis and send the same to us and we will promptly send him our check for payment of the bill.

You will be interested in knowing that these medical bureau boycotts have been instituted at different times in several different counties in the state where the bureau has organized the doctors and where the bureaus have been unable to sell their contracts on their merits in competition with hospital association *cov.* which is broader and is much more in the interests of the employees than is the bureau setup. When the employees understand that the bureau setup is an organization in the interests of the doctors and greatly restricts the employees' benefits as compared with the benefits under our Association, the employers and employees have remained under our coverage even though they did have to put up with the inconvenience of having to pay their individual doctor bills and be reimbursed by us.

You can readily appreciate that if the doctors should be successful in obtaining a monopoly of the medical contract business through boycott methods, it certainly would not be in the best interests of either the employers or employees.

5219 As above stated, if any of your employees have doctor bills which we have not paid, will you kindly ask them to forward them to us for reimbursement? In the meantime, we trust you will give this matter further consideration and will see fit to continue under our coverage.

Very truly yours,

INDUSTRIAL HOSPITAL ASS'N.

Will T. Kirk, General Manager

WTK:nm

5220 PHONES 12-F-2 12-F-3 WIRE WESTERN UNION

REDLAND GLAD GARDENS
EVERETT E. ROBINSON, Grower and Owner
GLADIOLI BULBS OUR SPECIALTY
ROUTE 2, BOX 632
GRANTS PASS, OREGON

Mar. 16, 1944

Industrial Hospital Association,
707 Medical Arts Bldg.,
Portland, Ore.

Gentlemen:

Some of our employees covered by the Industrial Hospital Association are experiencing the refusal of the local Doctors to accept certificates from the Association, for Professional Services they receive. These employees refuse to any longer pay into the Association for coverage from which they receive no benefit. We will find it necessary, therefore, to discontinue our contract. Please advise your disposition in this connection.

We shall appreciate hearing from you at an early date. Thanking you, we are,

Yours very truly,

REDLAND GLAD GARDENS

By (Signed) EVERETT E. ROBINSON
Everett E. Robinson

EER:VH

Plaintiff's Exhibit 646

5221 December 3, 1944

Miss Rose G. McCormick
Box 322
Seaside, Oregon

Dear Miss McCormick:

If the doctors at Seaside refuse to accept our tickets when a patient needs medical care, if you will have the patient obtain from the doctor an itemized statement of services rendered with diagnosis of condition treated and

forward it to us with his hospital ticket, we shall be pleased to make refund on the basis of our schedule of fees.

Very truly yours,

INDUSTRIAL HOSPITAL ASS'N.

Will T. Kirk, General Manager.

WTK:nm

Seaside, Oregon

Dec. 6, 1944

Industrial Hospital Assn
Portland, Oregon

Dear Sir,

I understand the Doctors down here do not wish to have the Industrial's patients. In that case, what does one do if medical attention is needed while in such a vicinity. I would appreciate a reply.

Sincerely,

(Signed) ROSE G. MCCORMICK

Plaintiff's Exhibit 647

5223 DR. HOWARD E. CARRUTH
PORTLAND, OREGON

EYE, EAR, NOSE AND THROAT
PRACTICE LIMITED TO

March 26, 1945

Industrial Hospital Association
707 Medical Arts Building
Portland, Oregon

Gentlemen:

This will notify you that on and after April 1, 1945 this office will assume no responsibility for the care of patients covered by your contracts. Those presenting proper authority will be seen according to time available.

These cases will be billed according to time spent and seriousness of the case.

Yours very truly,

(Signed) HOWARD E. CARRUTH
Howard E. Carruth, M. D.

HEC/ls

Plaintiff's Exhibit 648

5224 April 24, 1946

E. K. Wood, Logging Dept.
Scottsburg, Oregon

Gentlemen:

In our letter of April 22 regarding doctors who are cooperating with our Association, we omitted the name of Dr. H. C. Eastland at Reedsport. For a time Dr. Eastland was not accepting our tickets, but he now is, so your employees going to him should have no difficulties.

Very truly yours,

INDUSTRIAL HOSPITAL ASS'N.
Will T. Kirk, General Manager

WTK:ad

5225 April 22, 1946

E. K. Wood, Logging Dept.
Scottsburg, Oregon

Gentlemen:

Our field representative, Al Walsh, is going to be down your way within the next few days and will see you about the doctor situation. In the meantime, may we point out that we do not have any definite list of doctors as we are allowing our members to receive services from all reputable physicians. However, some physicians are cooperative and some are not.

At Reedsport, Dr. Marvin Amick, Osteopath, who recently located there, is quite cooperative. None of the doctors in Coos Bay are accepting our tickets so when any of your employees obtain any service from those doctors they should get an itemized statement from the doctor and if

possible get a diagnosis and send the same to us so that we might send the money to the members with which to pay the bill. We make these reimbursements on the basis of our established schedule of fees. To expedite the refund to members, we have prepared some slips which the members may use in furnishing us needed information to enable us to make prompt payment. Under separate cover we are sending you a tab of these slips with instructions.

At Eugene the following doctors have been cooperative: Dr. A. B. Peacock, the doctors at the Eugene Hospital and Clinic, Dr. Lester Edblom, Dr. M. G. Howard, The Walker Clinic, The Rhodes & Lambert Clinic and Dr. L. W. Rutherford.

If one of your employees should obtain services from a physician in Eugene who will not accept our ticket, he should follow the same procedure as outlined above for the Coos Bay doctors.

Very truly yours,

INDUSTRIAL HOSPITAL ASS'N.

Will T. Kirk, General Manager

WTK:ad

Please send us a list of Doctor that belong to your Assoc. around Reedsport, and Eugene. The fellows are being turned down on your Tickets, and the Coos Bay Doctors won't take the tickets at all.

E. K. Wood, Logging Dep't
Scottsburg, Oregon

Plaintiff's Exhibit 649

5226 BUCK MOUNTAIN LOGGING CO.
WHEELER, OREGON

May 20, 1946

Mr. Lynn Jones,
Industrial Hospital Assn.
Medical Arts Building,
Portland 5, Oregon

Gentlemen;

We have started operations at this camp on a larger scale than previously, employing the aid of the V. & M.

Operating Company which is under the management of Clarence Vanderjack.

At present we have between sixty and sixty-five men working here and would like to have the ambulance back in our garage where it will be available for our men.

Please let us know what you can do about this matter as soon as convenient.

We are enclosing a bill which was paid by one of our men, John D. D. Crafard. Doctor J. E. Vinson will not accept one of our Hospital Tickets as he is associated with the Physicians & Surgeons association.

Kindly mail the check for Mr. Crafard in care of our camp. The amount is $17.00 and as he was injured off the job he is not covered by the state. The injury was caused by four sailors attacking him and robbing him.

Yours very truly,

BUCK MOUNTAIN LOGGING CO.

By (Signed) F. J. ERNST

Plaintiff's Exhibit 650

5227 May 24, 19.6

Mr. Keith B. Carter
Northern Life Insurance Co.
304-5 Pacific Building
Roseburg, Oregon

Dear Mr. Carter:

We thank you for your letter of May 22nd advising us of the tactics being employed by the O.P.S. in attempts to interfere with our service in the Roseburg area.

In cases where a doctor refuses to take one of our treatment tickets, we would like to have the patient obtain from the doctor an itemized statement of services rendered and diagnosis of condition treated and send to us. We will endeavor to promptly make refund to the patient. Along with the bill should be the patient's hospital ticket which is our means of identification.

Very truly yours,

INDUSTRIAL HOSPITAL ASS'N.

Will T. Kirk, General Manager

WTK:nm

Plaintiff's Exhibit 650

5228 NORTHERN LIFE INSURANCE CO.
SEATTLE 1, WASHINGTON

W. T. BRIDGES
DISTRICT MANAGER
EUGENE BRANCH OFFICE
313-15 Miner Building
Office Phone 235
Res. Phone 1975-J-3

May 22, 1946

Ind. Hosp. Assoc.,
Medical Arts Bldg.,
Portland, Ore.

Dear Mr. Kirk:

There seems to be a little squeeze play going on here in Roseburg by the O.P.S. which is making things extremely difficult for the industrial ticket to be used. I picked up a ticket recently on a Ralph Howard of ten mile, Oregon which the doctor refused and sent in. Today there was another claim which a doctor wouldn't take. What would you suggest in this situation? Please answer as soon as possible.

Sincerely

(Signed) KEITH E. CARTER

Plaintiff's Exhibit 651

5229 May 29, 1946

Todd Building Company
Roseburg, Oregon

Gentlemen:

We acknowledge receipt of your letter of May 27th advising that you wish to terminate our hospital and medical service contract as of August 1st.

Our Mr. John Caughell is going to be in Roseburg next week and we hope he may have opportunity to call to see you. We appreciate the fact that our service has been carried on under adverse pressure from some of the physicians in that area, but there are some facts in connection with this which we would like very much to have Mr. Caug-

hell present to you before you make any other arrangements for medical services. We hope you will delay any action until Mr. Caughell can see you.

Very truly yours,
Industrial Hospital Ass'n.
Will T. Kirk, General Manager

WTK:nm

5230 Roseburg, Oregon
P. O. Box 27

Eugene, Oregon
P. O. Box 749

TODD BUILDING COMPANY
General Contractors

Roseburg, Oregon
May 27, 1946

Industrial Hospital Association
707 Medical Arts Bldg.
Portland, Oregon

Gentlemen:

For the past three years we have been covered by you for hospital and medical services for our employees. The expiration date of our agreement is August 1. This is to advise you that we wish to terminate the agreement as of August 1, 1946.

Yours Very Truly,
Todd Building Company
by (Signed) J. D. Todd

JDT/MB

Plaintiff's Exhibit 652

5231

WINLOCK HANDLE CO.
MANUFACTURERS OF
DOUGLAS FIR HANDLES

CAB AND CARGO SHIPPERS

Springfield, Oregon
June 27, 1946

Industrial Hospital Assn.
Medical Arts Bldg.
Portland, Ore.

Gentlemen:

We are returning the hospital contracts unsigned for the reason that the employees have decided to take local coverage due to the difficulty in getting medical attention here under your contract.

Yours truly,
Winlock Handle Co.
By (Signed) T. T. LEONARI

TTL:VO

Plaintiff's Exhibit 654

5232 GRAVEL, SAND AND CEMENT — PAINTS AND WALLPAPER
READY MIX CONCRETE

BROOKFIELD COMPANY
LUMBER—BUILDING MATERIAL

WATERFRONT AT 32ND STREET
ASTORIA, OREGON

September 30, 1946

Industrial Hospital Association
707 Medical Arts Building
Portland, 5, Oregon

Gentlemen:

We are returning the enclosed contracts unsigned as we feel under the present situation other hospital coverage is desirable.

Please consider this letter our election to terminate our contract with the Industrial Hospital Association.

Very truly yours,

BROOKFIELD COMPANY

By (Signed) E. W. BLOMQUIST
E. W. Blomquist
Office Manager

EWB:TN
Encls.

Plaintiff's Exhibit 655

5233

GEORGE ROBERT SUCKOW
PHYSICIAN AND SURGEON
904-5 Weatherly Bldg.
Portland, Oregon

December 13, 1946

Mrs. R. R. Atchison
Rt. 1 Box 225 A
Oswego, Oregon

Dear Mrs. Atchison:

I regret that I am unable to accept the enclosed check for $6.50 made payable to me by the Industrial Hospital Association. The reason for this is that I do not do work for Hospital Associations, and therefore, I cannot accept their checks. I did not realize, during the course of your treatment, that you were covered by the Industrial Hospital Association.

I will be very glad to discuss this matter with you at any time, should you care to phone me. I am very sorry to cause you so much inconvenience. Please do not worry about this bill. Give the Ofelts my best regards.

Yours very truly,

(Signed) GEO. R. SUCKOW
Geo. R. Suckow, M. D.

GRS:jl

5234

Rt. 1 Box 225 A
Oswego, Oregon

Industrial Hosp. Assn.
Medical Arts Bldg.
City

Gentlemen—

The enclosed letter and check I believe are self-explanatory.

Yours truly

(Signed) R. R. Atchison

Plaintiff's Exhibit 656

5235

January 18, 1947

Mr. W. E. Marrion, President
Cascade Timber Company
223 Pacific Building
Roseburg, Oregon

Dear Mr. Marrion:

We are in receipt of your letter written by K. Collier regarding the doctors' situation in Roseburg.

We wish to thank you for calling this matter to our attention; however, we are aware of the situation and realize the doctors in Roseburg are attempting to boycott the Industrial Hospital Association in order to gain a monopoly in that area.

Mr. John Caughell, of our organization, will be in Roseburg during the coming week and will stop in to discuss this matter further with you.

Thank you for your letter.

Very truly yours,

Industrial Hospital Ass'n.

W. Duane Kirk
Assistant General Manager

WDK:nm

5236

CASCADE TIMBER COMPANY
W. E. MARRION, PRESIDENT

223 Pacific Building
Telephone 947
ROSEBURG, OREGON

January 16, 1947

Mr. Caughell
Industrial Hospital Association
707 Medical Arts Building
Portland, Oregon

Dear Sir:

Mr. Marrion has asked me to write you regarding the situation down here as to the local doctors refusing to honor Industrial Hospital tickets. According to our woods foreman, Jack Rosebery, the men are complaining that they cannot get service—that the doctors are lined up with O.P.S. The men do not want O.P.S. but they feel that they cannot pay $3.00 and get no service.

It is Mr. Marrion's suggestion that you come down and look over the "situation" and see if you can't get the doctors lined up to give service on your association tickets. We personally don't know too much about all this but if you will contact Mr. Roesbery at the Grand Hotel, he can give you the set-up as he has been trying to do some of this on his own and meeting with no success.

Yours very truly,

CASCADE TIMBER COMPANY

(Signed) K. COLLIER
K. Collier
Sec.

Plaintiff's Exhibit 657

5237

1704 "F" St.
Vancouver, Wash.
February 28, 1947

Industrial Hospital Ass'n.
Medical Arts Bldg.
Portland, Ore.

Gentlemen:

My husband has had some difficulty in getting a doctor to accept his Industrial tickets here in Vancouver. Will you please send us a list of doctors that will accept these tickets.

Thank you.

Yours very truly

(Signed) Mrs. Mary Mattson

5238

March 4, 1947

Mrs. Mary Mattson
1704 F Street
Vancouver, Wash.

Dear Mrs. Mattson:

We thank you for your letter of February 28th, wherein you requested a list of doctors, who will accept our tickets. The Industrial Hospital Association does not sell a doctors' list, but makes provision for the payment of doctor bills. The Industrial does not have any restricted list of doctors, but welcomes the cooperation and consideration of all reputable men everywhere. If you require hospital and medical care, it is our suggestion that you tell your doctor that you are under the coverage of the Industrial Hospital Association. If he bills us, we will pay him direct. If he hands his bill to you, we will make payment to you for coverable conditions upon receipt of an itemized statement indicating the number of calls made, the diagnosis of the condition, and payment will be made on the basis of our regularly established schedule of fees.

In order that you may be completely informed as to the type of services to which your husband is subscribing, we

are enclosing a pamphlet which describes our coverage in detail.

Very truly yours,
INDUSTRIAL HOSPITAL ASS'N.
Ray Brunker, Service Manager

RB:im

Plaintiff's Exhibit 658

5239 April 16, 1947

Mr. R. W. Bullis
c/o Valsetz Lumber Co.
Valsetz, Oregon

Dear Mr. Bullis:

When a patient goes to a doctor who does not accept our hospital ticket, the proper procedure is for him to obtain from the doctor an itemized statement of the services rendered with diagnosis and send the same to us for reimbursement. We will then pay him at our regular schedule of fees and will send the money directly to the patient.

We are enclosing our check for $3.00 for Mrs. McWilliams in refund of the bill from the eye, ear, nose and throat specialist in Salem.

Very truly yours,
INDUSTRIAL HOSPITAL ASS'N.
Will T. Kirk, General Manager

WTK:nm
Encl. Check

5240 WILL T. KIRK, General Manager

Phone Day or Night BEacon 3193

INDUSTRIAL HOSPITAL ASSOCIATION
INCORPORATED
Medical Arts Building
Tenth and Taylor Streets
Portland 5, Oregon

April 14, 1947

Dear Sirs:

When we have a patient who goes to a doctor who will not accept our hospital ticket, do we send in the receipt so these people may be reimbursed? I have assumed we must but would like to know just what the procedure is, so I can explain to these people.

I am sending in a receipt for this Wanda June McWilliams as the doctors would not accept our ticket.

Also could you send me quite a number of boxes of Salt tablets as they consume a great many of them here.

Thank you.

Sincerely

(Signed) R. W. BULLIS

Plaintiff's Exhibit 659

5242 WILL T. KIRK, General Manager

Phone Day or Night BEacon 3193

INDUSTRIAL HOSPITAL ASSOCIATION
INCORPORATED
Medical Arts Building
Tenth and Taylor Streets
Portland 5, Oregon

June 30, 1947

Laskey Logging Co.
Box 476
North Bend, Oregon

Gentlemen:

We wish to advise that the Medical Aid Contract covering your employees for occupational injuries is now up

for renewal and we enclose three copies for your signature. One copy is for your records, one copy is for the State Industrial Accident Commission and the other copy is for us.

As you know, the law requires the employer to file a copy of the work injury coverage contract with the State Industrial Accident Commission, with a filing fee of $5.00. You may send one copy of the contract to the Commission with your remittance of $5.00; or if you wish, you may return both copies to us with your check for $5.00 and we will take care of the filing for you.

If you file the contract directly from your office, please return a copy of the contract to us for our files.

Very truly yours,

INDUSTRIAL HOSPITAL ASS'N.

(Signed) W. DUANE KIRK
W. Duane Kirk
Assistant General Manager

nm
Encl.

I am Returning this contract to you with out Being Sined as I Have to much trouble with the Doctors as they Dont want to take the Hospetual tickets and cant get them to copaorate with the Industrial Hospitual

your very truly
Herbert H Laskey

Plaintiff's Exhibit 661

5243 OREGON STATE MEDICAL SOCIETY
MEDICAL-DENTAL BUILDING
PORTLAND, OREGON

February 29, 1936

This personal letter from the Council is a call to arms - a call designed to rally every physician and every component society to stay the present movement toward the political domination of our profession.

A strong movement is under way to install state medicine and reduce us to the status of poorly-paid hirelings under the dictation of a political bureaucracy. This movement is led by a collection of pseudo-economists, "Ph.D's", and so-

cial workers and backed by the financial resources of numerous private foundations. This group has succeeded in obtaining the introduction in Congress and in several state legislatures of measures calling for the establishment of compulsory sickness insurance, or in plain language, "state medicine". As a means of forwarding this cause, these propagandists have succeeded in having the high schools and colleges in our own and numerous other states select state medicine as a subject for debate during the present school year.

Some of these reformers have frankly stated, in personal conversations with members of the Council, that it is their purpose to dictate to all of us the conditions under which we shall serve our patients and the fees we are to be paid.

As a result of the little-heralded, but none the less effectively, efforts of the American Medical Association, and the Oregon State Medical Society and other state societies, compulsory sickness insurance was omitted from the social insurance program recently adopted by Congress. For the time being, therefore, the forces which seek to subjugate us have suffered serious reverses.

These forces, none the less, with the persistence of all evangelistic and reformistic movements are determined to destroy private medical practice. They are particularly hopeful with regard to our state and other Pacific Coast states where a widespread system of voluntary sickness insurance promoted by commercial hospital associations has long existed. It is their hope that these voluntary commercial schemes can shortly be transformed into a system of political and state-controlled medical practice.

This hope has recently received powerful stimulation as a result of the action of the members of a few of our local medical societies in organizing hospital associations of their own. This action has been taken as the only apparent effective means of combatting the activities of the older proprietary associations. The Council applauds the object of these efforts, but urges a careful evaluation of solutions to the end that the remedy applied be not more destructive than the disease to be treated.

5244 We are aware of the difficulties confronted by our membership in numerous local communities as a result of solicitation, advertising, and other unethical practices carried on over a period of many years by the commercial hospital associations. We understand, too, the origin of the policy of "fighting fire with fire" into which the

membership of many of our component societies have been driven by the activities of these associations.

Nevertheless, we should be remiss in our duty to you if we failed to point out the probable ultimate results of accepting and promoting a pattern of contract practice which will eventually destroy private medical practice and which, if history be a guide, will certainly lead to a system of state medicine when we shall all become the servants of a politically-controlled bureaucracy with our professional and personal conditions under autocratic dictation.

We call your attention to the fact that the history of state medicine in other countries has uniformly been that voluntary prepayment schemes started by groups of physicians or by lay groups have stimulated and brought about state medicine with political control of physicians, ridiculously low fees, "red tape", excessive "paper-work", and dictation by lay administrators as to the nature and length of treatment.

It is significant that this preliminary period, during which voluntary prepayment schemes (as for example hospital associations) flourish, is characterized by widespread violation of the fundamental principles of high-type medical practice embodied in The Principles of Medical Ethics. The Principles are no mere formalistic dogma but have been developed out of the practical experience of the medical profession for centuries past and embody basic truths for the protection of the welfare of physicians and the public which we ignore at the peril of loss of professional status, commercialization, and finally, political domination under state medicine.

We freely acknowledge the failure of the state society to control the unethical practices of hospital associations in the past and call upon you to work with us shoulder to shoulder in a sincere effort to stem the present tide which will lead us inevitably to political control of medical practice in our state. It is now vitally necessary for all of us to realize the present situation and stand staunchly in the future for the fundamental principles which have temporarily been lost sight of.

The Council, therefore, at this time earnestly solicits your cooperation and the assistance of your component society in eliminating or reducing to a minimum the various violations of "The Principles of Medical Ethics". It is our firm belief that action in this direction is the first step in staying the present trend.

Under separate cover, we are sending you a statement of our policies and recommendations, together with a copy of "The Principles of Medical Ethics", as well as pertinent excerpts from the decisions of the Judicial Council of the American Medical Association. We earnestly request you to read the statement of policies and recommendations and the other enclosures and would appreciate your co-operation in working for the policies outlined therein.

We shall be pleased to receive an expression of
5245 opinion from you individually or from your local society, and shall make every effort to assist your local society in working out your problems. Please feel free to address the Council in writing or in person at any of our meetings upon this or any other matter in which you are interested.

Fraternally yours,

G. A. Massey, Klamath Falls
President
Thomas Wynne Watts, Portland
President-Elect
A. M. Webster, Portland
Past President
W. J. Weese, Ontario
First Vice-President
O. C. Hagmeier, Astoria
Second Vice-President
J. C. Vandevert, Bend
Third Vice-President
Morris L. Bridgeman, Portland
Secretary
Otis F. Akin, Portland
Treasurer
Charles E. Sears, Portland
Councilor, First District
Blair Holcomb, Portland
Councilor, First District
Karl H. Martzloff, Portland
Councilor, First District
Frank E. Fowler, Astoria
Councilor, Second District
Charles E. Hunt, Eugene
Councilor, Third District
Charles T. Sweeney, Medford
Councilor, Fourth District

E. D. Lamb, Klamath Falls
Councilor, Fifth District
Thompson Coberth, The Dalles
Councilor, Sixth District
Joseph P. Brennan, Pendleton
Councilor, Seventh District
Helen A. Cary, Portland
Councilor-at-Large
Ralph A. Fenton, Portland
Trustee of the American
Medical Association
John H. Fitzgibbon, Portland
Delegate to the American
Medical Association

(This exhibit also contains excerpts from the Reports of the Judicial Council of the American Medical Association during some of the years from 1922 to 1935 dealing with Advertising and Solicitation Groups and Clinics, Institutional Advertising, Group Hospitalization, Health Associations, Corporation Practice, Contract Practice, Periodic Examinations, Lay Control of Medical Practice, and Related Subjects.)

Plaintiff's Exhibit 662

5246 Oregon State Medical Society.

STATEMENT CONCERNING THE ENFORCEMENT OF THE PRINCIPLES OF MEDICAL ETHICS

Adopted by the Council February 17, 1936

Numerous Complaints Received

During the past year, numerous complaints concerning violations of The Principles of Medical Ethics have been made to the Council by members located in several parts of the state. These complaints have related particularly to advertising in newspapers and pamphlets and solicitation of patients by lay salesmen and business managers in the employ of groups of our members organized as clinics and hospital associations. The participants in many of these violations have been members of component societies associated with the older proprietary commercial hospital

associations and clinics engaged in contract practice. Other violations, sometimes of an even more extreme character, have been committed by members of recently organized "mutual" associations which involve a large percentage of the entire membership of the local component society.

The Council is the Board of Censors of the Society

Under the Constitution and By Laws, it is the duty of the Council to consider and decide all matters of an ethical nature which affect the state society. This duty is imposed upon the Council by the following provisions of the By Laws:

Chapter VII. The Council

Section 2. * * * The Council shall be the Board of Censors of the Society. It shall consider all questions involving the rights and standing of members; whether in relation to other members, to the component societies or to this Society. All questions of an ethical nature brought before the House of Delegates or the general meeting shall be referred to the Council without discussion. It shall hear and decide all questions of discipline affecting the conduct of members of component societies, on which an appeal has been taken from the decision of a county or district society. Its decision in all cases, including questions regarding membership in this Society shall be final.

Chapter XII. County and District Societies

Section 4. Any physician who may feel aggrieved by the action of his county or district society in suspending or expelling him, shall have the right to appeal to the Council, whose decision shall be final. A county or district society shall at all times be permitted to appeal or refer questions involving membership to the Council of the state society for final determination.

Section 3. * * * The Council of the State Society shall have final authority to expel a member should a component county or district society fail to do so after being so requested by the Council.

Inasmuch as these provisions of the By Laws require the Council to act as the Board of Censors of the state society and to consider and act upon all questions of an ethical character, the Council is of the firm opinion that the

time has come when it is incumbent upon it to make a definite pronouncement concerning the enforcement of The Principles of Medical Ethics.

5247 *Phases of The Principles of Medical Ethics Now Being Violated*

Complaints received to date by the Council relate principally to violations of the provisions of The Principles of Medical Ethics concerning groups and clinics, advertising, contract practice, and the disposition of professional services to lay organizations to the profit of these organizations. The provisions of The Principles dealing with these subjects are as follows:

Chapter I.

Groups and Clinics

Section 2. The ethical principles actuating and governing a group or clinic are exactly the same as those applicable to the individual. As a group or clinic is composed of individual doctors, each of whom, whether employer, employee or partner, is subject to the principles of ethics herein elaborated, the uniting into a business or professional organization does not relieve them either individually or as a group from the obligation they assume when entering the profession.

Chapter III. - Article I.

Advertising

Section 4. —Solicitation of patients by physicians as individuals, or collectively in groups by whatsoever name these be called, or by institutions or organizations, whether by circulars or advertisements, or by personal communications, is unprofessional. This does not prohibit ethical institutions from a legitimate advertisement of location, physical surroundings and special class—if any—of patients accommodated. It is equally unprofessional to procure patients by indirection through solicitors or agents of any kind, or by indirect advertisement, or by furnishing or inspiring newspaper or magazine comments concerning cases in which the physician has been or is concerned. All other like self-laudations defy the traditions and lower the tone of any profession and so are intolerable. The most worthy and effective advertisement possible, even

for a young physician and especially with his brother physicians, is the establishment of a well-merited reputation for professional ability and fidelity. This cannot be forced, but must be the outcome of character and conduct. The publication or circulation of ordinary simple business cards, being a matter of personal taste or local custom, and sometimes of convenience, is not per se improper. As implied, it is unprofessional to disregard local customs and offend recognized ideals in publishing or circulating such cards.

It is unprofessional to promise radical cures; to boast of cures and secret methods of treatment or remedies; to exhibit certificates of skill or of success in the treatment of diseases; or to employ any methods to gain the attention of the public for the purpose of obtaining patients.

5248 Chapter III.—Article VI

Contract Practice

Section 2—It is unprofessional for a physician to dispose of his services under conditions that make it impossible to render adequate service to his patient or which interfere with reasonable competition among the physicians of a community. To do this is detrimental to the public and to the individual physician, and lowers the dignity of the profession.

By the term "contract practice" as applied to medicine is meant the carrying out of an agreement between a physician or a group of physicians, as principals or agents, and a corporation, organization or individual, to furnish partial or full medical services to a group or class of individuals for a definite sum or a fixed rate per capita.

Contract practice per se is not unethical. However, certain features or conditions if present make a contract unethical, among which are: 1. When there is solicitation of patients, directly or indirectly. 2. When there is underbidding to secure the contract. 3. When the compensation is inadequate to assure good medical service. 4. When there is interference with reasonable competition in a community. 5. When free choice of a physician is prevented. 6. When the conditions of employment make it impossible to render adequate service to the patients. 7. When the contract because

of any of its provisions or practical results is contrary to sound public policy.

Each contract should be considered on its own merits and in the light of surrounding conditions. Judgment should not be obscured by immediate, temporary or local results. The decision as to its ethical or unethical nature must be based on the ultimate effect for good or ill on the people as a whole.

Chapter III.—Article IV.

Direct Profit to Lay Groups

Section 4.—It is unprofessional for a physician to dispose of his professional attainments or services to any lay body, organization, group or individual, by whatever name called, or however organized, under terms or conditions which permit a direct profit from the fees, salary or compensation received to accrue to the lay body or individual employing him. Such a procedure is beneath the dignity of professional practice, is unfair competition with the profession at large, is harmful alike to the profession of medicine and the welfare of the people, and is against sound public policy.

5249 *The Activities of the Commercial Hospital Association*

For many years the commercial hospital associations have been engaged in obtaining medical practice by unethical means, including the employement of paid lay solicitors, advertising in newspapers and periodicals, and pamphlets distributed to employers and employees. Prior to the depression there was some protest against the unethical activities of these associations in soliciting medical practice in various parts of the state, but the volume of practice so obtained was such a small part of the total volume of medical service that little consideration was given to the ultimate effects of the operation of these associations on the private, individual practice of medicine. In fact so little attention was paid to the operations of these organizations by the local societies or the state society that many members of the component county societies consented to be placed upon the local panel of these associations. Little notice was given to this situation, in spite of the fact that these members were receiving practice which had been obtained by the hospital associations by unethical methods. These members were, in fact, obtaining practice by adver-

tising and solicitation, notwithstanding the fact that these acts were performed by agents of the hospital associations.

Influence of the Depression—Commercial Competition Offered as a Solution—Development of the "Mutual" Hospital Association

With the advent of the depression and the consequent curtailment of physicians' incomes, members of many component local societies were led to an analysis—which should probably have been made long before—of all the various causes leading to the impoverishment of the physician. Among these causes were found the activities of the commercial hospital associations, by reason of the fact that they had secured in some local communities a partial monopoly of medical practice among the employees of the larger industrial concerns. Hand in hand with this development was the increasing solicitation by the commercial hospital associations, which heretofore had largely limited their activities to the lumber industry, and other industrial operations in isolated localities far removed from existing professional and hospital services, of a new class of business in towns and cities where medical service was readily available to all under the usual conditions of private practice. This change of policy by the commercial hospital associations was necessitated by the curtailment of operations in the lumber industry and its various subsidiary branches, which had previously formed the foundation of hospital association business. Among this new class of business sought by these associations to bolster their falling revenues from the lumber industry were stores, garages, offices, and banks.

The net result of this situation was the development of a movement among the membership of certain component societies to meet this loss of practice by organizing the membership of the local society into a hospital association and by offering the same coverage provided by the older proprietary associations to fight for this practice on a competitive, commercial basis through the employment of lay solicitors, newspaper advertising and the distribution of pamphlets. This movement was based upon the conclusion that the only way in which the pernicious activities of the commercial associations could be met was to engage in a competitive struggle with these associations by employing the very methods of obtaining patronage which ethical physicians have so long condemned.

5250 *Unethical Commercial Competition Not the Remedy*

That the method of commercial competition is not the only way to meet the unethical practices of the commercial associations and the resultant injury to the medical profession from the standpoint of both economic and prestige is evident from the fact that the members of at least one local component society have succeeded in preventing these pernicious practices by the simple expedient of acting as a unit in serving notice upon these associations that they will not attend the patients of these organizations who have been obtained by unethical practices. In other words, the members of this particular local society concluded that they would uphold The Principles of Medical Ethics by refusing to associate themselves with an unethical enterprise. It would appear that this course of action is entirely sound as a solution to the abolition of the unethical practices of the commercial associations.

Another method of coping with the commerical associations which has been successfully pursued in some communities of the state is that under which the local hospitals have refused to care for their patients except at the same charges made to private patients occupying the same type of accommodations. This policy is in contrast to the practice in many communities in which the hospitals have seen fit to provide service to hospital association patients at charges considerably below the usual charges for similar service and in some cases at rates below cost. Under these circumstances, the private patients of the local medical profession are in fact subsidizing the commercial hospital associations in that the increased amounts charged private patients are used to offset the low rates granted to the hospital associations.

The Alleged Difficulties of the Low-Wage Earner

Much has been said and written in recent years concerning the alleged difficulties of the low-wage earner in obtaining medical care. This propaganda has been accepted by a considerable number of physicians, in spite of the fact that no tangible evidence has been submitted to indicate that any section of the population, either the indigent or those with low incomes, has been denied medical care under the exisiting system of private, individual medical practice.

While there is a great deal of talk among physicians about the necessity of solving the problems of the low-wage earner, it is a fact that the present trend is largely the result of the recent economic stress under which physicians in common with the balance of our population, have been laboring and to a violent emotional feeling against the activities of the commercial hospital associations.

Ultimate Effects of the Continued Violations of The Principles of Medical Ethics

The Council is gravely concerned over this rapid spread of unethical contract practice in several parts of the state in defiance of The Principles of Medical Ethics which are embodied in the Constitution and By-Laws of our component societies as well as of the state society. It must be borne in mind that one of the basic reasons for the development of The Principles was to provide standards of conduct for physicians which have been proven by centuries of experience to be essential to good medical service to the public and the ultimate welfare of physicians themselves. If present trends continue, it is evident that the practice of medicine in our state will cease to be conducted on a professional basis and will degenerate into a commercial pursuit in which physicians will be forced to engage in a mad scramble to obtain patronage by the crudest of commercial methods.

5251 The investigations of the Council indicate that many of the violations concerning which complaint has been made have probably developed unconsciously or thoughtlessly as a result of the efforts of the members of some component societies to meet the adverse situation created by the unethical practices of the commercial hospital associations. It is unfortunate that the local societies and the state society have heretofore failed to deal effectively with these associations and to perceive their ultimate destructive effects upon the ethical, individual practice of medicine. Nevertheless, there is grave question as to whether the problem may be solved by the creation of organizations of the local medical profession which indulge in the same evil practices and unethical methods of which the commercial associations have so long been guilty and thus reduce physicians to the status of commercial medical promoters.

The Council is especially concerned over these widespread violations of The Principles of Medical Ethics for

the reason that the status of our state society as a constituent association of the American Medical Association may become involved if the present situation is not speedily corrected. The Principles of Medical Ethics are incorporated in the Constitution and By Laws of the state society and its status as a federated society of the American Medical Association is dependent upon the agreement of the state society to abide by The Principles. This agreement to abide by The Principles extends to all component societies, each of which exists as an integral part of the state society and the American Medical Association only by virtue of the charter granted by the state society.

It is apparent that the many privileges of membership in the American Medical Association, including eligibility to membership in the various national, special societies, may ultimately be endangered if present violations of The Principles do not cease. The duty of the state society to assist its component societies to keep their houses in order and thus preserve for their members the numerous benefits attached to membership in the American Medical Association is therefore inescapable. There can be no doubt that if existing trends, in which only a minority of the members of all the component societies are now involved, continue, the status of the large majority of our members who are conscientiously and faithfully following The Principles of Medical Ethics will ultimately be jeopardized.

Recommendations

The Council is of the opinion that the time is now at hand to make a definite declaration concerning existing and wide-spread violations of The Principles of Medical Ethics and to make every effort to see that the members of the component local societies are made fully aware of the ultimate effects of present trends on the practice of medicine in the state.

The Council therefore makes the following recommendations:

1. That a copy of The Principles of Medical Ethics be supplied to every member of the component societies.
2. That the provisions of The Principles dealing with contract practice, advertising, solicitation, relation of physicians to commercial organizations, etc., and the interpretive decisions of the Judicial Council of the American Medical Association be prepared in mimeographed

form and supplied to every member of the component medical societies.

3. That the members of the component societies be advised that upon application and election to membership each entered into an agreement with the component medical society, the Oregon State Medical Society, and the American Medical Association to observe "The Principles of Medical Ethics".

5252 4. That the component societies be advised that the existence of the Oregon State Medical Society as a federated, constituent society of the American Medical Association is predicated upon an agreement to enforce "The Principles of Medical Ethics" which are embodied in the Constitution and By Laws of our state society; further, that the existence of each local medical society as a component society of the Oregon State Medical Society by the authority of the Council of the state society, is likewise predicated upon an agreement to enforce "The Principles of Medical Ethics" which are embodied in the Constitution and By Laws of each component society.

5. That the members of component societies engaged in unethical contract practice through association with clinics, proprietary hospital associations, the newer mutual associations, as a consultant or otherwise, be requested to cease such activities and to conduct themselves in accordance with The Principles of Medical Ethics.

6. That the Council offer its services to the component medical societies for the purpose of rendering opinions in specific situations where the component society, or any member thereof, is in doubt as to whether or not a particular contract or procedure is unethical, the Council in so doing to follow the various decisions of the Judicial Council of the American Medical Association.

5267 Oregon State Medical Society

TENTATIVE STATEMENT OF PRINCIPLES AND PROCEDURE FOR THE CONTROL OF CONTRACT PRACTICE

(Subject to Revision)

(Drafted by the Executive Committee for the Consideration of the Council)

Adopted by the Council, September 2, 1936

Introduction

During the past year, the Council has devoted much attention to the various problems arising out of contract practice. There is a widespread feeling that the Council should assist the component societies and their members to interpret the Principles of Medical Ethics in particular instances in order that trends dangerous to sound medical practice may be avoided.

It is apparent that there is much misunderstanding among the membership concerning the ethics of contract practice which in some instances has given rise to fears that long-established, legitimate plans of contract practice will be interfered with. In order to allay theses apprehensions, the Council deems it desirable to clarify the ethics of this form of practice.

While contract practice in itself is not unethical, it should be understood at the outset that even in an ethical form the indications for its application are specific and limited. The medical profession recognizes that contract practice, even when initially organized on an ethical basis, unless carefully watched, frequently develops commerical features which are in distinct contravention of established professional standards. For this reason it is necessary for the state society and its component societies to keep this form of practice under constant observation and control, in order that the future of sound medical service to the people may not be jeopardized.

5268 The following statement of principles and procedure is designed to assist component societies to preserve within their respective jurisdiction the essentials of good medical care insofar as these may be endangered by contract practice.

1. *Definition of Contract Practice*

"By the term 'contract practice' as applied to medicine is meant the carrying out of an agreement between a physician or a group of physicians, as principals or agents, and a corporation, organization or individual, to furnish partial or full medical services to a group or class of individuals for a definite sum or a fixed rate per capita." (The Principles of Medical Ethics)

2. *Unethical Contract Practice*

"Contract practice" per se is not unethical. However, certain features or conditions if present make a contract unethical, among which are:

1. When there is solicitation of patients, directly or indirectly.
2. When there is underbidding to secure the contract.
3. When the compensation is inadequate to assure good medical service.
4. When there is interference with reasonable competition in a community.
5. When free choice of a physician is prevented.
6. When the conditions of employment make it impossible to render adequate service to the patients.
7. When the contract because of any of its provisions or practical results is contrary to sound public policy.

Each contract should be considered on its own merits and in the light of surrounding conditions. Judgment should not be obscured by immediate, temporary or local results. The decision as to its ethical or unethical nature must be based on the ultimate effect for good or ill on the people as a whole." (The Principles of Medical Ethics)

5269 ### 3. *Unethical Contract Practice and Direct Profit to Intervening Agencies*

It is unprofessional for a physician to dispose of his professional attainments or services to any body, organization, group or individual, by whatever name called, or however organized, under terms or conditions which permit a direct profit from the fees, salary or compensation received

to accrue to the body or individual employing him. Such a procedure is beneath the dignity of professional practice, is unfair competition with the profession at large, is harmful alike to the profession of medicine and the welfare of the people, and is against sound public policy.

4. *Solicitation*

Solicitation involves an active effort by the physician, or his agent, to induce patients to come under his care. This practice is contrary to a basic principle of sound medical service; namely, that the patient himself should seek out and select his own physician, with no inducement except the professional reputation of the doctor. It is immaterial whether the solicitation is done by word of mouth, by circulars, or by newspaper or radio advertisements. It is likewise immaterial whether the solicitation is the act of the physician himself or a group of physicians or lay persons, organized as a clinic, hospital association, or otherwise, acting through a business manager or other agent. All these forms of solicitation are equally unethical.

5. *Underbidding*

Underbidding is one of the most vicious features of unethical contract practice, for the reason that it emphasizes the price of medical care rather than its quality and inevitably leads to inferior service. Rates for contract medical service should be based upon the cost of providing service which meets the established standards of scientific medicine. Rates for stated services should be uniform in a given local community, except when a deviation in rates may be proper because of difference in the age groups served, varying hazards of employment, and similar factors. Under no circumstances is it to be considered ethical for a physician or group of physicians, however organized, to take away a contract from another physician or group of physicians by offering service at a rate which is inadequate to provide care consistent with established standards.

5270 ### 6. *Free Choice of Physicians*

The principle of free choice of physicians is one of the bases of good medical service. The term means that the patient shall be free to select his physician from among all legally qualified and ethical physicians in the community. This principle should apply to all patients living in a

community whose population is sufficient to make one or more physicians readily available under the usual conditions of private practice. The principle of free choice of physicians may be deviated from in certain cases where industrial operations are being carried on distant from a town or city, where the factor of isolation makes it necessary to provide service on a contract basis. Other exceptions to the application of this principle are to be found in the case of employees of transportation companies whose employment involves frequent travel, and in the case of medical services rendered to employees in the interest of and at the expense of the employer, such as preemployment and periodic physical examinations.

7. *The Business Manager*

The impression has apparently gained hold that a business manager of a group clinic or hospital association has the privilege of acting as the agent of his employer in the solicitation of contracts. A group of physicians, organized as a clinic or hospital association, have the same obligation to carry on their practice in an ethical manner as does an individual psysician. The status of the business manager of such a group or association is identical with that of an office employee of a private physician. The mere assumption of the title of "business manager" does not confer upon an individual any special privilege to employ commercial methods of obtaining practice for physicians.

5271 8. *Approval and Disapproval of Contracts*

The Executive Committee of the Council shall act as a committee on contract practice. It shall be the duty of the Executive Committee to: (1) to review all existing and proposed contracts within the jurisdiction of the society, and to subject each contract to the tests embodied in the Principles of Medical Ethics, the interpretative decisions of the Judicial Council of the American Medical Association, and the various pronouncements of the Council of the Oregon State Medical Society; (2) to recommend to the Council the approval or disapproval of each contract, this recommendation to be based upon its ethical or unethical nature as determined by applying the criteria referred to above. A copy of each contract shall be retained in the files of the committee, together with a memorandum indicating whether it has been recommended for approval or disapproval; if disapproval is recommended, the reasons shall be stated.

Every member, who holds a contract for medical service, or who contemplates making such a contract, shall submit to the Executive Committee a copy of such contract together with such additional information as the committee may deem necessary to enable it to exercise judgement intelligently as to its ethical or unethical nature.

Any member shall be given an opportunity to appear before the Executive Committee or the Council to discuss any contract under which he is providing or contemplates providing medical service. The Council shall be the final judge as to the ethical or unethical nature of a contract.

9. Summary

In summary, it should be realized that contract practice, with its ever-present dangers of commercialization and deterioration of the quality of medical care rendered the people, should never be considered as a desirable substitute for private practice with its intimate personal relationship between physician and patient. Contract practice should be considered only as a last resort when factors, such as geographical isolation, require its adoption. The burden of establishing the fact of unusual need not possible to be met under the customary conditions of private practice is clearly upon the persons proposing a scheme of contract practice.

Plaintiff's Exhibit 663

5272 OREGON STATE MEDICAL SOCIETY
MEDICAL-DENTAL BUILDING
PORTLAND, OREGON

July 12, 1937

The Statement of Principles and Procedure for the Control of Contract Practice, adopted by the House of Delegates on October 10, 1936, provides for the submission by members of existing or contemplated contracts to the Executive Committee of the Council. The Executive Committee is charged with the duty of reviewing each contract and recommending to the Council disapproval of such contracts as are found to be unethical.

The Council has been of the opinion that the component societies should be given time to consider the problems of contract practice in their local communities and to decide upon a course of action to be followed in dealing with their

own problems before the machinery established by the Statement of Principles and Procedure was set in motion. It would appear that sufficient time has now elapsed to make it proper to begin the application of the Statement of Principles and Procedure.

While the Executive Committee is charged with the duty of reviewing contracts, the component medical societies also have certain definite functions in the application of the Principles and Procedure in that their assistance is needed in obtaining from their members the necessary information concerning contracts and in supplementing this information with other pertinent facts which are known only in their respective local communities.

This assistance is necessary because the Council, in order to reach a just conclusion as to whether or not any particular contract is being carried in an ethical manner, must have, not only the written agreement, but also much additional information concerning the conditions surrounding the contract.

The functions of the component medical societies in this connection can probably best be discharged by a special committee of three or five members with the following duties:

1. To request each member and group of members of your Society who are engaged in contract practice, to fill out the enclosed form for each contract which the member or group holds. This does not mean merely the submission of general information concerning the contract practice of the member or group, but the submission of the requested information regarding *each contract covering a particular group of employees.*

2. To collect the forms after they have been filled out, to review the information submitted, to make such statement concerning each contract as the Committee deems pertinent, and to forward these data to the Executive Committee of the Council.

5273 In discharging its duties, your committee may need to refer to the following official pronouncements of the American Medical Association and the Oregon State Medical Society.

1. Groups and Clinics—The Principles of Medical Ethics, Chapter I, Section 2.

2. Advertising—The Principles of Medical Ethics, Chapter III, Article I, Section 4.

3. CONTRACT PRACTICE—The Principles of Medical Ethics, Chapter III, Article VI, Section 2.

4. DIRECT PROFIT TO LAY GROUPS—The Principles of Medical Ethics, Chapter III, Article VI, Section 4.

5. NEW PLANS OF MEDICAL CARE—The Ten Principles adopted by the House of Delegates of the American Medical Association (1934)

6. CONTRACT PRACTICE—Statement of Principles and Procedure for the Control of Contract Practice adopted by House of Delegates of the Oregon State Medical Society (1936)

We enclose copies of the various pronouncements referred to above and a supply of forms to be used in obtaining the necessary information concerning each contract. We shall supply additional copies of this form upon request.

If your committee encounters situations concerning which they are in doubt, we shall be glad to assist them.

The Council earnestly solicits your cooperation and trusts that you will proceed promptly in assisting it to discharge the duties imposed upon it.

Very sincerely yours,

THE COUNCIL OF THE
OREGON STATE MEDICAL SOCIETY

by.....
Secretary

Plaintiff's Exhibit 664

5274

Oregon State Medical Society

HOUSE OF DELEGATES

63rd Annual Session
Salem, Oregon—October 20-21-22-23, 1937

REPORT OF THE COMMITTEE ON THE STUDY OF CONTRACT PRACTICE

October 9, 1937

I INTRODUCTION

During the past several years, the problems of contract practice have been widely discussed in the Council and in the component societies. The Council concluded that the whole subject should be studied on a state-wide basis with a view to obtaining as complete information as possible, upon which sound policies on this subject might be based. The Council, therefore, at its June meeting, voted that a committee be appointed to study the problems of contract practice in all local communities in which such problems exist and to make a report to the Council containing specific recommendations to guide the State Medical Society and the component medical societies. The Council directed the committee to submit a report not later than October 1st.

President Charles E. Sears appointed the following committee:

E. D. Lamb, Klamath Falls
Chairman

O. C. Hagmeier, Astoria
Thompson Coberth, The Dalles
Richard B. Adams, Portland
Dean P. Crowell, North Bend
W. W. Baum, Salem
George E. Henton, Portland
J. C. Hayes, Medford

The committee is making this report as directed by the Council with the definite understanding that the time available to the committee has been wholly inadequate considering the size and complexity of the problems under study. This report is to be regarded as a purely tentative report, based upon a preliminary survey. The report contains no conclusions or recommendations, but is designed to acquaint

the Council with the pertinent facts concerning contract practice so far as they are in the possession of the committee at this time.

II METHODS USED IN THE STUDY

The committee has held three meetings at which the various problems of contract practice were discussed. Two members of the State Industrial Accident Commission and the Claim Agent participated in the discussion at one of these meetings.

The committee concluded that the questionaire method should be used to obtain the viewpoint and opinions of the physicians of the state. For this purpose, a questionaire was sent to every physician whose name was listed in the 1937 Annual Report of the State Board of Medical Examiners. Of the 1151 questionaires sent out, 396 have been returned at this date.

The committee also decided to use the questionaire method to obtain the viewpoint of a group of representative employers in the principal industries of the state, including bakeries, banks, canneries, department stores, flour mills, furniture factories, lumber mills, machinery concerns, meat packers, paper mills, printing and wool manufacturers. Of the 396 questionaires sent out, 63 have been returned at this date.

5275 The committee also discussed methods of obtaining the viewpoint of the employees, but finally decided not to use the questionaire method for this purpose and to obtain this information by direct contact with representatives of labor groups and individual workers.

The committee also concluded that it would be helpful to obtain information concerning physician-controlled plans of contract practice now operating in Oregon and Washington. The questionaire method was also used for this purpose. Of the 30 questionaires sent out, 6 have been returned at this date. The returns of questionaires are as yet incomplete and have not been tabulated.

The committee has also used other sources of information, including the reports of the Committee on the Costs of Medical Care, the annual reports of the State Insurance Commissioner, and other publications of governmental agencies.

III TYPES OF CONTRACT PLANS

During the course of its study, the committee learned of many different types of contract practice of prepaid medi-

cal care now in operation in the state. These types are as follows:

(1) Employer-operated plans.
  (a) Railroads
  (b) Oil Companies
  (c) Lumber Companies
  (d) Mail Order Houses

(2) Employee-operated plans.
  (a) Electric Power Companies
  (b) Telephone Companies
  (c) Pulp and Paper Mills

(3) Lodges
  (a) Fraternal Order of Eagles

(4) Commercial hospital associations.

(5) Physician operated plans.
  (a) Individual physicians
  (b) Partnerships
  (c) Physician-owned clinics and hospitals
  (d) Mutual hospital association

IV NUMBER OF PERSONS NOW COVERED BY EXISTING PLANS OF CONTRACT PRACTICE

While it is impossible to ascertain accurately the number of persons now covered by existing plans of contract practice, the committee has been able to make an estimate which is reasonably correct. The State Employment Compensation Commission reports that there are 170,000 persons in the state employed by private employers. Persons employed in domestic and farm employment, in interstate commerce, and in the service of the federal government, the state government, the counties, cities, school districts, and other political subdivisions, number approximately 150,000. There are therefore approximately 320,000 persons gainfully employed in the state.

Based on its studies, the committee estimates that of this 320,000, approximately 100,000, or 31.25 per cent, are now covered by some type of contract medical service.

5276 V NUMBER OF PHYSICIANS ENGAGED IN CONTRACT PRACTICE

The following table shows the number of the 396 physicians answering the questionaire who are engaged in contract practice.

Type of Contract Practice	Number of Physicians engaged	Percentage
Lay Hospital Association	133	33%
Physician-Operated Organizations	157	39%
Employer-Operated Plans	48	12%
Employee-Operated Plans	24	6%
Lodge Plans	22	5.6%
Personal Contracts	22	5.6%

If we assume that the 396 physicians who answered the questionaire are typical, the percentage, above may be considered as representative of the situation among the entire group of 1151 physicians to whom the questionaire was sent.

VI GROWTH OF CONTRACT PRACTICE

In connection with the large number of persons now covered by existing plans of contract practice and the number of physicians engaged in contract practice, it is interesting to observe the extension of the activities of the various types of organizations sponsoring these plans, particularly the hospital associations. In the following table, this trend is shown during an eight-year period.

Annual Receipts of Hospital Associations
1927-1935

	Manufacturing Wage-earners in	Index	Annual Receipts	Index
1927	57,179	100.0	$ 514,935	100.0
1929	65,505	114.0	804,886	156.9
1931	42,267	72.1	759,768	147.0
1933	41,052	71.9	852,723	166.9
1935	52,216	91.2	1,432,129	280.4

(1927 used as a base)

Using the 1927 figures as a base index, it will be observed that, although the number of wage earners engaged in manufacturing in 1935 was only 91.2% of those so engaged in 1927, the annual receipts of hospital associations increased more than 180% during the eight-year period.

5277 VII INTERPRETATION OF THE TREND TOWARD THE EXTENSION OF CONTRACT PRACTICE

A. Activities of the Commercial Hospital Associations

From these figures and other information, it would appear that the major factor in the rapid extension of contract

practice during the past ten years has been the intensive solicitation of employers by the commercial hospital associations. Nevertheless, this solicitation would probably not have been effective if contract practice did not have features desirable to the employers and acceptable at least to some degree by the wage earners.

The employer has accepted contract practice as desirable, because in many instances he has thereby obtained a saving in his compensation insurance costs. The employer has also been relieved of the moral obligation of aiding his employees in the event of serious sickness or injury not related to employment. Further, the employer and his executives have in many cases obtained luxurious medical and hospital care at the expense of the fund created largely by the monthly dues of his employees. Indeed, some instances have come to the attention of our committee in which certain executives and foremen have received medical care without contributing even the monthly dues paid by the ordinary employee.

The intensive solicitation of the commercial hospital associations and the widespread acceptance of this type of medical and hospital care by the employers appear also to have stimulated the growth of physician-operated plans of contract practice, including those carried on by individual physicians, partnerships, physician-owned clinics and hospitals, and the newer mutual hospital associations.

B. The Attitude of Employers toward Contract Practice

As previously suggested, it would appear that contract practice has grown largely as a result of its acceptance by employers following solicitation by commercial hospital associations. We have already indicated that many employers have been deriving numerous benefits from contract practice.

The vast majority of all contracts are agreements between the medical contractor and the employer. The employees stand in the relation of third-party beneficiaries, without being direct parties to the contract itself. This fact has enabled the employer to select the medical contractor whose contract was most advantageous to him, although the apparent purpose of the contract is to provide medical care to his employees in ordinary sickness at their expense. It is true that the employer often selects as his medical contractor a group of physicians who have superior skill in the care of industrial injuries. Such a selection, in the long

run, may contribute toward a saving in his compensation insurance costs. Nevertheless, many abuses have developed from this system.

Contracts are of two kinds. The first type provides medical and hospital care to employees in sickness and injury not related to employment. The employer collects the agreed-upon monthly dues from his employees by means of a payroll deduction and pays the total to the medical contractor each month.

5278 However, the employer, with the consent of the State Industrial Accident Commission, may enter into a contract with the same medical contractor to cover the medical and hospital care of his employees in injuries compensable under the Workmen's Compensation Act. The law also provides that the employer may deduct from the wages of each employee the sum of one cent per work day as the employee's contribution to the Workmen's Compensation Fund. The employer then sends those deductions, together with his own contribution to the State Industrial Accident Commission. The employer's contribution is based upon the hazard of the particular occupations which his employees pursue. If the employer has a contract with a medical contractor covering the care of industrial accidents, the Commission then returns to the employer the one cent per work day collected from each of his employees, because the medical aid contract relieves the Commission from the necessity of providing this care.

The rate paid to the medical contractor by the employer for coverage in industrial accidents is often less than the amount actually necessary to provide this care. The medical contractor is willing to accept this below-cost rate because the cost of caring for the group of employees under the contract for non-industrial sickness and injury is less than the medical contractor pays for medical, hospital, and other expenses. The medical contractor may thus lose considerably on the industrial contract with the employer, but finds the two contracts reckoned together to be profitable.

The obvious purpose of this peculiar arrangement is to maneuver the employees into contributing materially to the medical aid costs of the employer in industrial accidents. This arrangement is a violation of the intent of the Workmen's Compensation Act, which is designed to place the burden of medical aid and compensation costs upon the employer, except for the one cent per work day contributed by the employee. This indirect taxation of the employee which the present contract system makes possible is one of

the principal reasons for the popularity of contract practice among employers, particularly a certain class of large employers.

At least one instance has come to the attention of the committee in which the employer has been able to obtain medical care for his employees under the Workmen's Compensation Act without any cost to him whatever. This employer shows a contract covering medical aid in industrial accidents, as well as for care to his employees in non-industrial sickness and injuries. This employer deducts $1.50 per month from the wages of each employee. He then sends one cent per work day for each of his employees, together with his own contribution, to the State Industrial Accident Commission. Since he has already contracted for medical care in industrial accidents, the Commission each month returns to him one cent per work day per employee, as the Commission will have no charges made against it for medical service. The net result of this clever arrangement is that the employee is paying the entire cost, not only of his care in non-industrial sickness and injury, but also the entire cost of medical aid in industrial accidents.

The scheme has further advantages to the employer. Because the medical aid in his plant costs him nothing, the costs to the State Industrial Accident Commission of carrying this employer are reduced far below the base compensation insurance rate for the classification of industry in which the employer is operating. Under the merit-rating system provided in the Workmen's Compensation Law, it is therefore possible for this employer to receive a substantial rebate on his total annual contribution to the State Industrial Accident Fund. This saving may be as great as 30% below the base rate for the employer's classification and in a large plant may aggregate thousands of dollars annually.

5279 It would appear likely that this is an extreme example of a practice which seems to be widespread on a lesser scale among some employers. On the other hand, many employers are willing to bear their proper share of the cost of medical aid in industrial accidents. Many employers also prefer to have their medical aid under the non-contract or "open" plan, with free choice of physician by the employee.

While many employees are prone to shout loudly concerning their rights and privileges, it is a fact that many of these same employees when confronted with a serious personal or family problem seek the assistance of the employ-

er. Among the most common of such problems is that of obtaining medical and hospital care in the event of serious illness.

Many employers feel a high degree of moral responsibility in the illness of their employees. In this connection, employers, of course, have no legal liability whatever, but many make loans or advances of wages to their employees under such circumstances. Many employers also assign some of their personnel to the home visitation of sick employees. Employers displaying interest of this type, which results in considerable expense to them, clearly show a high degree of benevolence in their treatment of their employees.

A large number of high-type employers are sincere in favoring a system of prepaid medical care for sickness and injury not related to employment. They favor a plan of this kind because of the security afforded the employee and the relief of the employer from the moral responsibility of seeing to it that the employee receives medical care in serious illness.

C. Attitude of Employees toward Contract Practice

As previously suggested, it would appear that the extension of contract practice has been largely at the instance of the employer, rather than the employee. Undoubtedly a large percentage of employees covered by contract plans became subscribers, at least originally, through compulsion exercised by their employer. Many employers force their employees to subscribe to a contract plan covering non-industrial sickness and injury by making its acceptance a condition of employment.

The studies of the committee have shown that where the employer permits the employee to determine for himself whether he will participate in a contract plan, that all employees do not enter into the scheme. The usual average ranges from twenty-five to seventy-five per cent of the employees in a given plant.

It would also appear that in recent years many employees have become cognizant of some of the abuses arising from contract practice. A large number of employees now recognize that for many years their employers have been maneuvering them into a position where they have been paying not only for sickness and accident coverage not related to employment, but also the medical aid costs in industrial accidents. There is widespread hostility that has increased markedly in the last two or three years because of the more extensive organizatio.. of the workers of the

state in labor unions, in which these subjects are discussed and policies formulated in the interest of the workers. This trend has become so marked that the employees of many employers are now demanding that they select the medical contractor of their choice, without the intervention of the employer. These employees are also insisting that the monthly dues which they pay to the medical contractor for care in non-industrial sickness and injury shall be kept entirely independent from any industrial contract which the employer may make.

5280 Many employees are also critical of some existing medical schemes for other reasons. Inasmuch as the usual contracts exclude the care of a number of diseases, the employee often feels, when he becomes afflicted with one of these diseases, that the contract has been misrepresented to him. In other words, he has missed the "fine print" in the contract. Misrepresentation is often likely to occur when lay solicitors are employed on a commission basis. Many employees are also dissatisfied with contracts which do not provide a free choice of physician. A number, too, are critical of the service received because they are aware of the temptations to the medical contractor to avoid expensive procedures which would eliminate the profit from the contract.

It is significant that many employees covered by some contract plan often seek care from physicians outside the contract panel. In other words, they are willing to pay a second time for their medical care in order to obtain service from a private physician.

Nevertheless, it is probable that many employees have learned from years of experience that the medical contract system, insofar as it serves as a sickness saving fund, affords them a certain security when serious illness or accident strikes them. Employees particularly appreciate this security with the relative high standard of living now prevailing among them and the temptation to many to mortgage their incomes far in advance in order to obtain automobiles, radios, refrigerators and other luxuries on an installment basis.

The fact that many employees have been covered by some plan of contract practice for many years has also apparently led many to come to regard the contract system as the accepted means of providing themselves with medical care.

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5283 Apart from any consciously expressed attitude, the public is affected by any fundamental change in

the method of delivering medical service. In the first place, if they are taxpayers they are affected by any plan which enables individuals, who might otherwise become public charges in the event of illness or injury, to bear the expense of their own medical care. It is possible that existing schemes of contract practice, in spite of the evils resulting from many of them, have assisted to some degree in lessening the load on charitable institutions supported by taxes or voluntary contributions.

On the other hand, that portion of the public which seeks and pays for its medical and hospital care as needed, under the usual conditions of private practice, have been adversely affected by some existing schemes of contract practice. This injury results from the fact that many contract organizations have been able to beat down the rates they pay for hospital accommodations below the actual cost. This practice forces the hospital to curtail its service or to make up the deficit created by the below-cost rates granted to these contract organizations by charging the private patient rates in excess of cost.

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This report in an extensive study recognized a distinct trend toward the extension of contract practice on the part of employers, employees, hospitals, the public, and doctors. The report stated in part:

"The problem of providing medical care in industrial accident and sickness in remote logging camps and similar industrial operations was also a problem confronting the employer. The employer usually met this problem by making a contract with a hospital association or other
5296 medical contractor. These contract plans, providing both industrial and non-industrial coverage, were financed by deductions from the wages of the employees. There was apparently no separation of the costs of the two types of coverage and both were paid for by the employee.

"Following the enactment of the Workmen's Compensation Law in 1913, this same arrangement persisted, except that the law specified that the employer might deduct from the wages of each employee one cent per work day as the employee's contribution toward his medical care in industrial accident. The new law also provided that the employer, with the consent of the State Industrial Accident Commission, might make a contract for the care of his employees in industrial accidents.